760129 BOX 825

DEPARTMENT OF STATE

BRIEFING PAPER

SPAIN AND PORTUGAL

ISSUES AND TALKING POINTS

The Soviet's current low profile in Portugal and Spain does not warrant any specific complaints on our part. In view of the ongoing consolidation of moderate authority in Portugal and potential unrest in Spain, the Soviets may seek to preempt you and take the initiative by repeating their charges that we are violating Helsinki CSCE principles through threats and economic pressures in Portugal.

Your Talking Points (if Soviets raise)

- Portugal is a member of NATO and Spain plays an important role in Western Europe. As a result, the US and our Allies cannot remain indifferent to the outcome of the emerging situation in either country.
- We favor democratic solutions to internal problems in both countries and stand ready to abide by the wishes of the majority as expressed in free, open elections in both countries and expect the Soviets to do the same.

Analysis/Background

With the passing of Franco, Soviet policy toward the Iberian Peninsula has taken on new and increased importance for Moscow. Concerned lest turmoil in Portugal adversely affect their chances of influencing events in Spain, and worried that the ongoing consolidation of moderate authority may further weaken the Portuguese Communist Party (PCP), the Soviets are apparently urging restraint on Cunhal and the PCP. from an indeterminate amount of financial assistance to the PCP, and expressions of public support, Soviet intervention has been limited.

In Spain, although they have been less than happy with the reformist policies adopted by the Spanish Communist Party (PCE), the Soviets have apparently decided first, that opposition to the PCE would only serve to strengthen those who oppose the Soviets in preparations



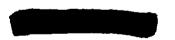
ULULASSIFIED



- 2 -

for the European Communist Party Conference and second, that the PCE offers them the best chance of influencing events in Spain. They accordingly patched up their quarrel with the PCE leadership in October of 1974. In doing so, they made major concessions to the PCE by disowning splinter groups and promising "to promote by every means an improvement in relations...even when difference points of view exist in certain questions." weither INR nor the CIA have as yet any evidence that they have provided the PCE with significant financial assistance. Like the PCE, the Soviets have thus far adopted a mildly critical stance toward the Juan Carlos regime, acknowledging the recent amnesty decree, for example, while at the same time arguing that it and other such measures did not go far enough.

Department of State January 1976



UNCLASSIFIED